

BUSINESS GUIDE

The Great Accountant Shortage

5 actions to help CFOs avoid a staffing crisis





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Accounting, long considered a stalwart “safe,” lifetime career path, is facing an exodus without enough new personnel to fill the demand left behind. More than 300,000 United States accountants and auditors have left their jobs in the past two years, including a rising number of midcareer professionals. At the same time, fewer students are opting to enter the accounting field. The number of US students who completed a bachelor’s degree in accounting declined nearly 9% to about 52,500 in 2020, down from almost 57,500 in 2012, according to the American Institute of Certified Public Accountants (AICPA).

The drop off has gotten so bad that the accounting industry is scrambling to showcase the profession’s upsides. The AICPA has launched a [multi-pronged campaign](#) to improve the talent pipeline and propel the accounting profession into a more data-driven, technology-infused future. Universities are also getting serious about dispelling stereotypes and improving the image of the career. Purdue University’s accounting department, for example, hosts an annual football tailgate that brings together students and accounting professionals for a fun, low-key networking environment.

The effects of this shortage are already apparent with numerous businesses identifying material weaknesses in their reporting due in part to a lack of

accounting staff. Nearly 600 US-listed companies out of 7,359 reported material weaknesses due to a lack of accounting and IT personnel this year through June, up 40.6% from the 2019 period, according to a review of filings by research firm Bedrock AI. The number of foreign US-listed companies reporting personnel-related material weaknesses this year is 125—nearly triple that of 2019.

For companies of all sizes, this presents a significant dilemma. Smaller companies in need of accounting staff often make the difficult choice not to fill the roles because they can’t afford or justify the cost. Larger companies that can afford higher salaries still struggle attracting and retaining the right people amidst a limited pool of candidates. Even some accounting firms are raising costs and turning down client work as they battle an imbalance in supply and demand.

In this guide, we will address how CFOs can mitigate the impact of the accountant shortage. Specifically, we’ll take a closer look at talent attraction and retention tactics, how organizations can do more with less in the accounting realm, and ways to keep costs low as the costs of accounting services increase.



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CHAPTER 1

What's Causing the Accountant Shortage



The staffing crisis in accounting has come to a head due to a collision of multiple factors. A portion of this can be attributed to baby-boomer retirements, especially when you consider the fact that 75% of Certified Public Accountants (CPAs) are retiring or close to retiring in the next 15 years, according to the AICPA. However, there is a larger shift at play.

About 82% of workers who exited accounting this year through Sept. 1 had at least six years' experience, up from 77% and 71% in full years 2022 and 2021 respectively, according to employment data provider Live Data Technologies. Citing a lack of work-life balance, as well as dissatisfaction over pay and benefits, former accountants have opted to seek opportunities in more lucrative areas like financial and data analysis.

At the same time, accounting's image problem means not enough new professionals are entering accounting to make up for those who have left. Top-ranked university accounting programs have noted declining student interest in accounting careers, with those who do major in it opting for a different role postgraduate. A reputation for onerous certification requirements, monotonous work, and stagnant salaries has increasingly led students toward other majors.

The sector's weak talent pipeline seems unlikely to fill back up anytime soon. The US Bureau of Labor Statistics (BLS) projects that job openings for accountants and auditors will grow by 6% from 2021 to 2031—about 136,400 US openings each year—due to globalization, a growing economy, and a complex tax and regulatory environment.

Actions to Help CFOs Avoid a Staffing Crisis

The limited talent pool renders necessary tasks—like maintaining accurate and up-to-date financial records, tracking transactions, and complying with regulations—much more challenging.

This could result in disrupted financial operations, increased workload on existing teams, hiring and retention difficulties, higher costs, inefficient financial analysis, and increased regulatory and compliance risk.

Because the issues around the accountant deficit are multifold, so are the strategies to address it. Here are five ways that CFOs can proactively mitigate the impact of the accountant shortage.

1. Lessen the workload with technology

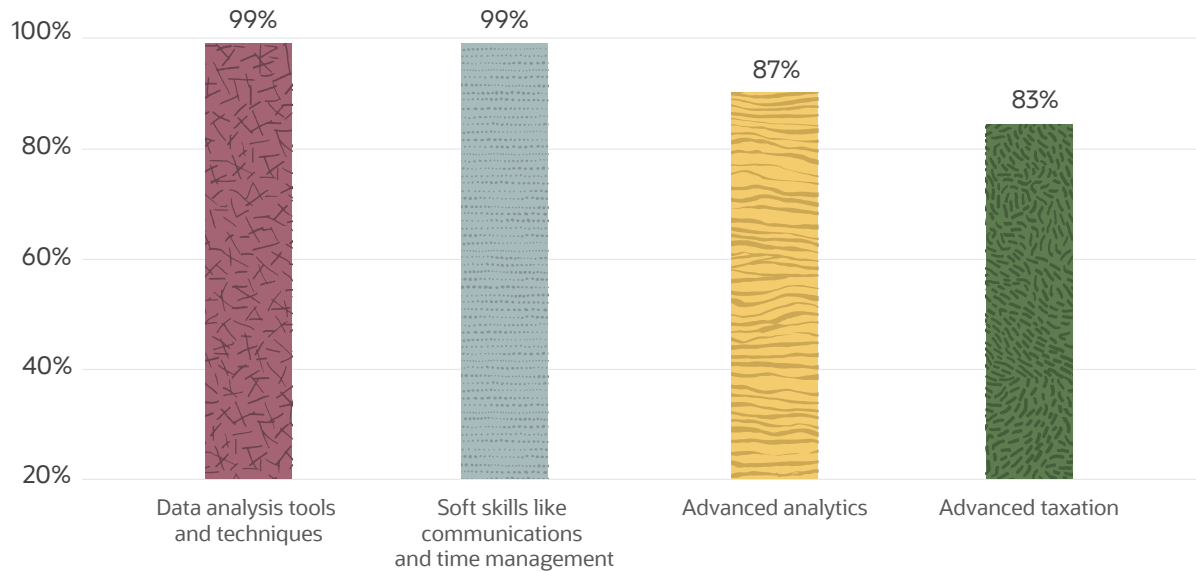
Many accountants spend a large portion of their time doing basic, repetitive tasks, rather than more strategic financial analysis. In the July 2023 edition of FloQast's Controller's Guidebook series, surveyed accountants estimated that they spent the majority of their time managing key finance and accounting functions, capturing and classifying transactions, preparing and issuing financial reports, and executing the financial close. They estimated that only 9% of their time was spent serving as an active member of a strategic project team.

Implementing software can help shift that allocation for the better, automating time-consuming and routine tasks including data entry and financial statement preparation. In order to lessen the accounting team's workload and free them up for more strategic tasks, there are several key areas to consider implementing software:

- **Billing and invoicing.** Simplifies time-consuming billing and invoicing management by automating payment invoicing, receiving, and processing. Previously cumbersome tasks such as matching purchase orders to invoices can be done automatically.
- **Budgeting and forecasting.** Automates labor-intensive planning and budgeting processes so teams can quickly and easily produce budgets and forecasts, model what-if scenarios, and generate reports.
- **Accounts payable (AP).** AP automation issues automatic payments, matches purchase orders to vendor bills, and sends payment reminders to customers, among other functions.
- **Accounts receivable (AR).** Accounts receivable automation creates and sends invoices, reminds customers to pay, and matches cash receipts and deposits to ensure the accuracy of cash application, among other functions.
- **Close management.** Accelerates the financial close by automating inefficient manual tasks, such as journal entries, account reconciliations, variance analysis, and intercompany transactions.

With the right technology in place, companies can lessen the accounting staffing needed, without sacrificing accuracy or compliance.

Top Skills Cited by Firms as Valuable for New Hires



Data: AICPA 2023 poll

2. Build from within by upskilling employees

One of the best long-term strategies a business can take around the accountant shortage is upskilling its own talent—whether it be offering current employees accounting-related professional development opportunities or hiring raw talent with an interest in accounting, finance, and bookkeeping.

In fact, more graduates hired into the accounting function don't actually have degrees in accounting. New nonaccounting graduates hired into accounting and finance functions increased in 2020 by 10 percentage points, according to the 2021 Trends Report from AICPA. It found that 57.3% of new-graduate hires were accounting graduates, and 42.7% were nonaccounting graduates.

With the right tools and training in place, companies can offset the need for accounting credentials by being willing to train more nonaccounting hires as well as their current staff to meet the needs of businesses. Particularly as the accounting profession becomes more technology-supported with repetitive functions automated, skills such as data analysis, collaborative research, and advanced analytics are increasing in importance.

As CFO, you can foster a culture of continuous development through several steps:

- **Conduct a skills audit.** Determine what skills gap the accounting team has and focus on creating a curriculum specific to each role in the department. Consider retirement and attrition risk of your existing staff.
- **Create a plan for a portfolio of skills.** While there may seem to be a benefit in upskilling the whole team in the same areas, employees will quickly disengage from training if it is not relevant to their own role and career path. Is there more routine work you can train people for while letting more experienced people spend their time where their expertise is most needed? That makes the job more interesting to both employees involved.
- **Embrace multiple learning formats.** A survey from McKinsey on skill building found that companies that used fewer than four learning methods achieved a 50% success rate in their upskilling objectives while companies who used eight or more reported a 70%

success rate. Everyone learns differently, meaning that the CFOs most successful at closing competency gaps use a multichannel approach, including instructor-led training, virtual-live training, digital learning, and peer learning teams.

- **Allocate a budget for professional development.** Be ready to offer financial support for training expenses such as course fees, supplies, and conference travel costs.
- **Provide certification assistance.** Certification assistance is one of the most highly valued benefits companies can offer professionals who are interested in accounting. Plus, it lets employee put some skin in the game, since it's a serious time commitment. For current accountants, offering CPA or certified management accountant (CMA) certification assistance can help equip your accounting team with the ability to handle specialized functions and provide extensive expertise.

Upskilling staff to become accountants or accounting support staff offers a strong tactic to fill vacancies. It does take financial commitment and disciplined planning, since you can't train as fast as you can hire. And remember, as CFO, it's perhaps most important to surround yourself with strong accounting expertise and an understanding of where the field is headed. Exposure to accounting rule changes, reporting requirements, and trends in the profession will help inform what the company needs moving forward.

3. Bring in the professional services experts

Outsourcing to professional services firms has long been a pillar for the accounting strategies of both large and small companies. Companies might need to expand that use to address the accountant shortage. An external provider can bring access to advanced accounting technologies, skills, and expertise that may be difficult—and expensive—to cultivate in-house.

Benefits of outsourcing all or some of the accounting function could include potentially decreased costs and access to more specialized expertise without having to find and hire a full-time employee for that skill. It's also more easily scalable, so you can adjust the outsourcing to meet a business's changing needs.



With accounting taken care of by a services firm, your finance employees can focus on more strategic analysis with business colleagues.

However, outsourcing can have its drawbacks, of course. The provider chosen could prove to be a poor match in terms of culture, flexibility, or skill. Technology gaps, poor communication, and the loss of control can leave companies doubting the move to outsource. Some best practices can help avoid those downsides:

- **Prioritize accounting needs.** Providers will offer or emphasize different services, so identifying your top needs will help narrow it down to those with the experience and expertise in those areas. Some areas will require special skills and certifications, so be sure that the qualifications of your chosen provider meet your accounting needs. Experience using certain technology might be one of your priorities.
- **Research potential providers thoroughly.** Evaluating providers should be an intensive project. The process should take into account a firm's track record, fees and pricing structures, qualifications, and also their technology infrastructure, industry experience, and client reviews. Seek referrals from your network. Schedule an initial consultation to get a feel for the accounting team and ask for references. Subpar communications during the initial phase should be considered a red flag—they're not going to improve once you're a client.
- **Maintain data security.** Understand how an outsourced company will handle your organization's data and what security measures it has in place to safeguard sensitive financial information. Only share your data if they can provide proof that they comply with data compliance regulations and your own business requirements. The firm you work with should be SOC 2 Type II compliant at the very least. Ensure that you work together to implement data privacy policies, file transfer protocols, and nondisclosure agreements to protect your company's data.

- **Establish effective communication.** The key to a successful relationship with an outsourced accounting provider is regular, clear communications. Create a detailed communication plan with your partner that establishes how you interact, how much you keep in touch, and what expectations are if some issue arises.
- **Set KPIs.** Setting KPIs—like cost savings, accuracy and error rate, and turnaround time—ahead of time can help evaluate the performance of an outsourced accounting provider and find the right partner for the long term.
- **Supplement with technology and internal expertise.** The accountant shortage has hit firms as well, which makes it more difficult to find a good accounting provider. If your company can automate and run at least some of its accounting processes internally, it will make it easier and significantly less expensive to find a firm with the bandwidth. The provider can focus on bringing just the expertise or capacity you most need and that's most valued by your company.

4. Tap into offshore talent pools

In a move popularized by large organizations, small to midsize businesses are now embracing offshoring as an option to combat the accountant shortage. While offshoring has traditionally been used to complete repetitive tasks around bookkeeping and task preparation, more companies are tapping into international resources for technical and strategic tasks. For instance, Makosi, a New York-based professional services staffing company, hired more than 1,000 accountants last year primarily in South Africa, estimating that [international staff could perform around 90%-95% of the full audit process](#).

In response to the growing use of international accounting talent hubs including India, South Africa, and the Philippines, the AICPA is examining the need for best practices and other potential resources that would help small and medium-sized companies partner successfully where needed with offshore talent suppliers. The group already administers the CPA exam in India and South Korea, and is exploring offering the exam in the Philippines.

The benefits of sending accounting work abroad include lower costs, access to talent, and capacity that lets in-house talent focus on more strategic work. However, like any type of outsourcing, there can be cons around the increased oversight needed for data security; communication challenges, particularly given the time difference; and loss of control. Plus, the international talent pool will likely face the same talent pipeline shortages eventually, leading many to view offshoring as a short-term fix as companies build up their internal talent and technology capabilities.

Best practices around offshoring accounting are similar to those around any professional services relationship. However, an extra component to keep in mind when offshoring is around legal and regulatory compliance. For example, are there data residency requirements, either by regulation or company policy, that dictate certain data stay in-country? Before contracting an offshore accounting partner, review their data security protocols and verify they meet ISO and SOC standards, as well as GDPR compliance.

Don't rely on international accountants to be aware of all your local legal and compliance requirements. A reputable offshoring partner serving US clients, for example, will ensure their staff are trained in US accounting practices, and many hold international qualifications such as CPA and ACCA. But you can never outsource the responsibility and accountability for all such requirements.

5. Hire the best people and help them thrive

For those looking to keep accounting talent in house, making your company an attractive place to work is going to be paramount. There are several incentives that have been proven effective in attracting and retaining accounting talent, including:

- **Opportunities to use modern technology.** Having great accounting technology adoption does more than help teams do more with less. It's also a valuable hiring and retention incentive. No one wants to come in and have to learn and live with yesterday's tech systems.



In the survey from FloQast, more than 60% of accountants reported that technology is more important in their job satisfaction today than it was two-to-three years ago, with 43% being “extremely likely” to ask about technology in a job interview.

Surveyed accountants also said that having the right technology would:

- Better integrate upstream and downstream processes with their work (76%).
- Result in a solid execution of their work (75%).
- Favorably impact company performance (75%).
- Better equip them to make more strategic decisions (74%).
- Strengthen the company culture (67%).
- **Flexible work.** One big gripe people have with accounting careers is a poor work-life balance. It’s a common reason people cite for leaving the profession or not considering it. Introducing remote work options and flexible schedules is key to dispelling

that notion. It’s arguably table stakes at this point. Some companies have taken it even farther with options such as compressed workweeks, sabbaticals, and the ability to work from a different country for four weeks at a time.

- **Strong ties with academia.** Employers are getting involved earlier and more often to cultivate a strong presence with potential hires and widen the talent pipeline. Many firms are beginning to hire for part-time jobs and internships after students complete Accounting 101 and Accounting 102. Having a strong presence on campuses through speaking to university business classes, serving as an advisor to student organizations, partnering with universities on curriculum development, and offering internships can help create deeper engagement with students.
- **Professional development options.** Professional development opportunities are a strong attraction and retention tool. Research published by Go1, a learning and development content company, found nearly half (45%) of accountants surveyed had left a role due to a lack of training opportunities. And more than a third (35%) agreed that there weren’t enough upskilling opportunities provided in their current role to further their career.

Bottom Line

The accountant shortage isn't going unnoticed. Numerous stakeholders have announced their plans to bolster the accounting profession's image to attract more people to the role.

In many ways though, today's accountant shortage can be seen as a chance to gain a competitive advantage. Businesses can use this time to stop using people to solve problems that automation can better fix. Improving efficiency and upgrading systems and processes often takes a back seat unless there's a crisis pushing it to the forefront of the agenda. With the talent deficit weighing on the mind, now is the time to push accounting-specific technology initiatives forward that will benefit the business for the long term and make your accounting team more effective—and happier in their jobs.

[NetSuite's cloud accounting software](#) doesn't just allow companies to do more with less. It allows companies to do *better* with less. It simplifies the complex, labor-intensive processes of recording transactions, managing payables and receivables, collecting taxes, closing the books, producing reports, and applying the appropriate rules and schedules to stay compliant.

Instead of wasting time on repetitive tasks, accountants can focus on reviewing transaction details, investigating anomalies, and analyzing trends. And, with accounting data all in one place, teams have a real-time, accurate source of data—without all having to be in the same location.

There are numerous options to address the accountant shortage. However, regardless of which one you choose, technology must provide the bedrock of any strong strategy. Whether you're tackling the talent deficit through internal improvements or external sourcing, the right accounting software is going to give your company the efficiency, visibility, and flexibility it needs to execute that strategy successfully.



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